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STATE OF WASHINGTON

WASHINGTON STATE LIQUOR CONTROL BOARD

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Keep with Wine Comm Letter

TO: The Board
FROM: M. Carter Mitchell
RATE: April 25, 1995
RE: RESEARCH ON BONDED WINE WAREHOUSE LEGISLATION

Following the staff meeting today, I decided to try and reconstruct the original intent of RCW 66.24.185 which was adopted by the Legislature in 1984. It originally appeared in the Senate Agriculture Committee under the sponsorship of Senators Hansen and Benitz as SB 4503. Between the first reading on January 16, the committee hearing and subsequent executive session on January 30 the bill had some rewriting done on it by Jim Halstrom, at that time the MIW Division supervisor as well as the Board's legislative liaison. (See attachments for original and substitute bills.)

Section 3 is where the majority of the rewrite was done. The original bill allowed for wine to be "removed from bond and shipped to (a) a licensed Washington wine wholesaler, (b) a licensed Washington wine importer, or (c) the state liquor board." The substitute bill said the "wine may be removed...only for the purpose of being (a) exported from the state, (b) shipped to a licensed Washington wine wholesaler, or (c) returned to a winery or bonded wine warehouse."

Section 4 appears as a compromise section. Halstrom said the beer and wine wholesalers wanted to make certain large chain stores could not set up their own warehouse and distribution systems for their respective stores. Section 4 was there to remove those apprehensions.

I spoke with Halstrom this afternoon and he remembers the bill as having a several objectives:

1. To facilitate or expedite consolidations of shipments of wine for export by having various wines warehoused in a centralized location;
2. To provide off-site storage for excess wine produced by the wineries; and,
3. To further guarantee that such facilities would not undermine the three tier system.

Section 4 was in the original bill and remained as such throughout the legislative process to ensure protection for the wholesalers. Apparently there was at least one major chain of grocery stores that had discussed the desirability of serving as their own distribution point since they already sent trucks to their stores. on a regular basis.

The wineries sought the original legislation. Section 3 was rewritten by the Board's staff and the bill progressed through the appropriate stages from there.

I filed the 101 with the Code Reviser today. The tentative schedule follows:

Responses from 101 intent to consider statement due by 06/01/95.

If decision is to proceed, write and file proposed rule (102) statement by 06/07/95.

C. Mitchell 98
DEP EXHIBIT
CARTE
NOTARY PUBLIC

6-27-95

Re Costco RFP
595g

PLAINTIFF'S EXHIBIT	
CASE NO.	CV04-0360P
EXHIBIT NO.	130

Research on RCW 66.24.185
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Proposed rule published in State Register issue distributed on 06/21/95.
Hearing set for 07/11/95 prepare responses to testimony and send to those participating.
Decision on 07/19/95.
Effective date of any decision would be 31 days after filing or approximately 08/19/95.

cc: Assitant Director Goyette
MIW Supervisor Raico
AAG O'Neal

Resp to Costco RFP
5960

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